

31A-11-106 Application for certificate of authority -- Deposit or bond.

- (1) Any corporation may apply, in the form specified by the commissioner, for a certificate of authority to transact a motor club business. The applicant shall include with the application any documents the commissioner may reasonably require, the deposit described in Subsection (2), which may be waived if net worth exceeds the deposit requirements, and the fee provided for in Section 31A-3-103. No person may engage in the motor club business without complying with this section and receiving a certificate of authority under Section 31A-11-107.
- (2) The deposit required under Subsection (1) shall comply with the requirements of Section 31A-2-206, and is \$100,000. In lieu of the deposit, the applicant may supply a bond of a corporate surety authorized to do a surety business in this state, in the same sum and in a form prescribed by the commissioner, payable to the state. The deposit, or the bond, shall be conditioned upon the corporation's faithful performance in the sale or rendering of motor club service under the provisions of this chapter, and the payment of fines, fees, or penalties imposed on the motor club under this title. Any person with a claim against the deposit or bond arising from the motor club's breach of the conditions of the deposit or bond may bring suit in his own name to make a claim against the deposit or bond, or the commissioner may bring suit on behalf of claimants. In no event shall the liability of the surety exceed the amount of the bond, regardless of the number of claimants or claims made on the bond. Regardless of the number of years the bond continues in force or the number of premiums payable or paid, the limit of the surety's liability, specified as the amount of liability of the bond, is not cumulative from year to year or from period to period. The bond shall be forfeited up to the amount of actual damages sustained by any claimant or claimants. No cause of action shall be filed against the bond after two years from the date of termination of the bond.
- (3) If a motor club is a separate division of a corporation, the commissioner may increase the deposit or bond requirements to take into account the increased risk created by the other business of the corporation. However, the deposit or bond requirement may not be more than twice the amounts required under Subsection (2).

Amended by Chapter 10, 1988 Special Session 2

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